



**NOTICE OF A MEETING OF THE
VINEYARD REDEVELOPMENT AGENCY BOARD
January 14, 2015 – 9:16 PM**

Present

Chair Randy Farnworth
Boardmember Nate Riley
Boardmember Sean Fernandez
Boardmember Dale Goodman
Boardmember Julie Fullmer (electronically)

Absent

Staff in Attendance: Town Planner Nathan Crane, Treasurer Jacob McHargue, Water Operator Technician Sullivan Love, Town Clerk/Recorder Pamela Spencer, Town Attorney David Church (electronically)

Others in Attendance: Brian Hansen with Larry H. Miller Megaplex, Bart Brockbank with R2R Ventures. Stewart Park with Anderson Geneva

The Vineyard Town Redevelopment Agency (RDA) held a board meeting on January 14, 2015 starting at 9:16 PM in the Vineyard Town Hall.

Regular Session - The meeting was called to order at 9:16 pm.

CONSENT AGENDA – Approval of minutes for October 22, 2014

Chair Farnworth called for a motion:

Motion: BOARDMEMBER RILEY MOVED TO APPROVE THE MINUTES OF OCTOBER 22, 2014. BOARDMEMBER GOODMAN SECONDED THE MOTION. ALL IN FAVOR. MOTION CARRIED.

BUSINESS ITEMS:

2.1 DISCUSSION & ACTION - Bid Award for Main Street Construction

Engineer Don Overson is requesting the RDA Board approve the bid award for Main Street construction to the low bidder Skip Dunn and Sons Excavating. The RDA Board will take appropriate action.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FERNANDEZ MOVED TO AWARD THE BID TO SKIP DUNN FOR \$2,026,406.33 FOR PHASE TEN OF THE RDA PROJECT. BOARDMEMBER RILEY SECONDED. ALL IN FAVOR. MOTION CARRIED.

2.2 DISCUSSION & ACTION – Request for a Reduction in Fees

This is a request by R2R Ventures for a reduction in the building permit/impact fees for the Geneva Megaplex. The RDA Board will take appropriate action.

Chair Farnworth turned the time over to Town Planner Nathan Crane.

Mr. Crane explained that they have been working with the builder of the Megaplex on the building permit and impact fees. He handed out a summary of these fees. He said that the CUWP water fee is the takedown fee. He said that they did an analysis based on actual usage, which was based on the Megaplex built in Centerville. He mentioned the other impact fees in the RDA areas. He stated that theaters are different from standard commercial and residential fees. He said that the developer had paid just over \$46,000, and is requesting help from the RDA board to pay some of the outstanding impact fees. He stated that the building permit fee is to pay for staff time and this is the portion they are requesting assistance on. He mentioned that they are short just over \$67,000.

Chair Farnworth said that they are asking for a Certificate of Occupancy (C of O). Mr. Crane said they are requesting their C of O to be issued next week. He said the C of O would trigger the loan closing and turning the theaters over to Miller Group for an opening in February.

Chair Farnworth turned the time over the Brian Hansen, developer of the Megaplex Theatres.

Mr. Hansen explained that they have a shortfall in their funding. He mentioned that he was not anticipating the purchase of water. He said that they worked with the town to get the exact amount of water they would need to purchase and came up with around \$66,000. He mentioned that they were looking at a couple of different options. He suggested that projects of a certain size and that bring in certain sales tax revenue that the RDA would look at purchasing the water for those projects. He said not to waive the fee but suggested having a fund to entice larger developments.

Chair Farnworth said that if the numbers are correct then it is a \$67,000 fee. He said that as the Mayor he does not see any way they write into any of the documents that they will wave these fees. He said that it is the impact fees that make the town run.

Boardmember Riley asked how it was overlooked that there is a water impact fee. Chair Farnworth said that he knew it was not the professional staff that missed it.

Mr. Hansen said that when they came in to submit the permit Mr. Overson let them know about the water impact fee. He said that to find out they did not have water was surprising; it is usually included in the purchase of the land.

Boardmember Fernandez asked if that would not have come up in the title report. Mr. Hansen said that he has never had it come up.

Mr. Hansen said that he understands the town cannot do it for everyone and indicated that in their future loans it will be included.

Chair Farnworth said that it is a C of O issue and that they need to work it in a way that the RDA would be paid back perhaps with a contractual agreement.

Boardmember Fernandez said that they want them to open when they are ready. He suggested they come up with a payment plan.

Stewart Park with Anderson Geneva mentioned that they understand that it is a standard operating procedure in many cities that a developer ask for relief on impact fees. He said that they do not see it as an RDA issue.

Mr. Hansen said that it is typical for an RDA to give incentives to entice people to come in. Chair Farnworth mentioned at the RDA already put \$4 million into the project.

Boardmember Riley said that everyone who comes in after Mr. Hansen would be told no it they ask for help from the RDA.

Boardmember Fullmer asked if they could ask the town's attorney and staff to come up with something that is viable. Chair Farnworth said that it is a timing issue and the next meeting is not until January 28th.

Mr. Hansen said that the plan is to start working on the retail phase in the middle of February and asked if they could issue the C of O but not let them start any other phases until this issue is resolved. He said that it would allow them to open the theater. Chair Farnworth stated that the C of O is their only leverage.

Mr. Hansen said that the real moneymaker is the retail phase. Boardmember Goodman asked if they have water for the retail phase. Mr. Hansen said now that they know about the water they have put it into their budget. He mentioned that when they put the original loan together they had no idea about the water.

Boardmember Riley asked if they knew about this several months ago why they are waiting until now to ask for relief. Mr. Hansen stated that he has been busy at the job site. He said that they had discussions earlier but missed the meeting in December because they did not get the suggestions in in time for the meeting.

Chair Farnworth asked Mr. Crane for input. Mr. Crane mentioned that in the past, communities' building permit fees were used as incentives. He said that he is more concerned when it comes to impact fees because these are monies the town has to pay. Chair Farnworth asked if it is possible to reduce the inspection fees. Mr. Crane said that he has used building permit fees as an incentive but not impact fees.

Attorney David Church joined the meeting electronically at 9:42 pm.

Chair Farnworth asked Mr. Church for his input. Mr. Church said that the C of O is security for the fees. He suggested that if they have alternative things to use for security to get the impact fees paid will they feel comfortable that they will get the money. Boardmember Fernandez asked for some good options. Boardmember Goodman asked if they could put a lien on the whole development. Mr. Church said only if they agree to it.

Chair Farnworth explained to Mr. Church that the idea of the board was to use it to give them an incentive to pay it back and that they are still on the hook for the \$67,000. He mentioned that the developers are saying they have the retail in front of the Megaplex they could use for the incentive. Mr. Church said it is important that we encourage them to get the retail done as soon as possible. Chair Farnworth asked if they could get an agreement done. Mr. Church said they could do that and offer it for security. He suggested that holding building permits would encourage them to get it done.

Boardmember Riley asked how they are going to get the rest of the money. Mr. Hansen said that his hope was that they allow the C of O and not allow other building permits be issued until it is resolved.

Boardmember Riley said that they need a contract before a C of O is issued and asked if they are talking 10 days from now. Mr. Love replied that it is not a final C of O but a temporary C of O. Mr. Hansen said that it allows them to close on the loan and that they have a time line from when the loan was issued and when it closes. He said they would like to figure this out tonight.

Mr. Crane suggested that the board authorize Mr. Church to put together a contract. Mr. Church said that he would get it done tomorrow.

Boardmember Fernandez said that his biggest concern is that he does not want the debt to go away and become an incentive for other developers. He wants them to pay the debt and added that they have already given them plenty of incentive.

Boardmember Riley said that when they saw the conceptual plans, they thought that they were great plans. He asked if this means we cut \$67,000 out of a water feature or something that is not necessary. He said he does not want to cut those other things. He asked if they were supposed to close in November and if the project ran over budget. Mr. Hansen stated that they are not over budget and they did not cut corners. He said that they want it to be the best theater in the valley. He said that if they had cut corners they would have had the money to put towards the impact fees.

Mr. Hansen said that he has seen it done where they reduce the building permit fees. Chair Farnworth suggested they get a contract for the temporary C of O and give them time to work out the details. He asked Mr. Church if he could write up a contract that will have a tie to impact fees. Boardmember Goodman agreed that they should come up with some kind of agreement to keep the project moving forward.

Mr. Hansen suggested they agree to have the contract ready for the meeting on January 28th. He said they would not be ready for a C of O until around the 30th of the month. He mentioned that they do not want to drag it out and make it so that they cannot build in February. Chair Farnworth asked Mr. Church to put a contract together.

Mr. Church disconnected from the call at 9:55 pm.

Mr. Hansen summarized that they will have a contract by the next meeting and then they can have the C of O. He said that he knows it is a big ask, and he does not want anyone to feel that they are not grateful for what the RDA has already given them.

Chair Farnworth said that Mr. Church would work on the contract in the morning and get it to the Board and Mr. Hansen so they could look at. Mr. Brockbank said that his concern is the timeline between the C of O and the opening of the theaters. Mr. Hansen said that the agreement would make it so they are not holding up the C of O, but that it holds up the next phase of the development. Chair Farnworth asked that they allow Mr. Church to write what he understands in the contract, and then they can read it and make sure they understand everything.

Mr. Crane stated that there are two different expectations. He said that they want the contract so they can get the C of O and the other side is saying they will review the contract on January 28th. Chair Farnworth said he understands that they will get the contract and review it on January 28th and, if it does not pass then have Mr. Church work with Mr. Hansen to negotiate a new contract.

Boardmember Riley asked what is the date that they need the C of O. Mr. Brockbank said they want to close Tuesday.

Mr. Crane suggested that an option is that if the Board is comfortable, then they vote on it now and have Mr. Church write up the contract, review it and then let the Mayor sign it.

Boardmember Riley said he wants the contract to say this is the amount that will be paid back based on future development. If they agree to pay back the fee then the terms of payback are what they are willing to negotiate.

Mr. Hansen said that they don't want to leave with any confusion. He suggested they figure out a game plan and that an option would be to relieve some of the building permit fees. He said that they would pay \$46,000 plus and apply it to the impact fees and not pay the building permit fees, which would bring it down to about \$20,000 left owing. Chair Farnworth was not

comfortable with that, stating that it would open up other developers to come in and expect the same incentives.

Mr. Crane said they could consider it in the amount of square footage and tax revenue and suggested that making it a decision based on those parameters would limit it to who you talk to.

Mr. Hansen said that it would allow them to go from owing \$67,000 to \$20,000.

Mr. McHargue said that the money to pay the cost for impact fees, salaries, etc., comes from the general fund. He said that it is part of the plan review fee and how they pay the building inspector. He said if we waive the permit fees then the general fund is paying it. Boardmember Fernandez said he is not willing to waive it, and that they need to figure out a way to retrieve it, whether it is today or a few months from now. Boardmember Goodman said that it could even be over a year.

Chair Farnworth mentioned that they had already given them over \$4 million and now they are asking them to invest another \$67,000 and he is not willing to waive it.

Mr. Crane stated that what they are saying is that they want a contract so they can have the C of O and then work out how they will pay it back. Boardmember Riley said that if they feel that is not fair, they need to ask why it is not workable and come up with reasonable terms to pay it back. Mr. Hansen said that he has a shortfall and is asking how they can take care of it.

Boardmember Goodman stated that if the developer had known they had to buy the water would it have been included in the loan. He said that now they are going to be the loan and the developer would pay them back. Mr. Hansen said had they known about the water they would have negotiated the deal with Anderson Development differently.

Chair Farnworth mentioned that they have tied up every dime of income in the RDA budget. He said he feels it is fair to have them pay it back, and they are not going to forgive it.

Mr. Hansen said that they are willing to work out the details and get the C of O. Mr. Brockbank stated that they would like to figure out the C of O and negotiate the contract now.

Boardmember Riley suggested that they could work this out between now and the meeting on January 28th. He said that they do not expect them to make 12 equal payments; maybe it could be paid back on different phases of the project.

Mr. Brockbank said that to get the Megaplex to come in they had to concede on rent for the first several years. He said that if they had to pay within six months they would be in the same position they are now. He suggested that when the revenue starts coming in they start paying it back.

Chair Farnworth said it is only \$67,000 and not millions. He mentioned that the amount is not a huge risk but it is \$67,000. He said that where they run into the liability is if they do not pay it back. He stated that they are not having trouble with extending the payment out.

Mr. Brockbank said that if they anticipate some of the building being completed in August and start collection then they could start paying it back in the fourth quarter, but if they could do it sooner then they will do it sooner, but asked that the board give them time.

Boardmember Riley said that they have the financial pieces, they can take the input received and send it to Mr. Church and then get it back to them. He said that the rough draft could happen quickly.

Motion: BOARDMEMBER RILEY MOVED TO AUTHORIZE PROFESSIONAL STAFF TO WORK WITH THE DEVELOPER AND COME UP WITH THE FINANCIALPIECE; HAVE THE ATTORNEY DRAFT THE AGREEMENT AND BOARD REVIEW IT AND PROVIDE FEEDBACK. UPON COMPLETION OF THIS PROCESS, AUTHORIZE THE MAYOR TO SIGN THE CONTRACT BEFORE THE NEXT MEETING ON JANUARY 28, 2015. BOARDMEMBER FERNANDEZ SECONDED THE MOTION. ALL IN FAVOR. MOTION CARRIED.

Chair Farnworth asked if they wanted the reimbursement agreement to start with the fourth quarter. He instructed staff to work with Mr. Hansen and Mr. Brockbank to discuss it and let him know so he can get Mr. Church the information.

ITEMS REQUESTED FOR NEXT AGENDA

ADJOURNMENT

Motion: BOARD MEMBER RILEY MOVED TO ADJOURN THE MEETING. BOARD MEMBER FERNANDEZ SECONDED THE MOTION. ALL IN FAVOR. MOTION CARRIED.

Meeting adjourned at 10:21 PM. Next scheduled meeting will be January 28, 2015.

MINUTES APPROVED ON: May 13, 2015

CERTIFIED CORRECT BY: /s/ Pamela Spencer
P. SPENCER, TOWN CLERK/RECORDER